

CITY OF DURHAM

To: Thomas J. Bonfield, City Manager
From: Reginald J. Johnson, Interim Director
Department of Community Development (DCD)
Date: February 29, 2012
Re: Grant Project Ordinance (GPO) amendments for Community
Development Block Grant (CDBG) and HOME Program Grant for
FY 2010-2011 (FY11) Actual Program Income Received.

Executive Summary

The proposed CDBG and HOME GPO amendments are intended to supersede those ordinances that were adopted May 3, 2010 using an estimation for program income. The DCD completed a reconciliation of the FY11 entitlement grants represented in the general ledger along with the Federal System called IDIS, which reports the City's grant performance to the United States Department of Housing and Urban Development (HUD). The amount of revenue received in the IDIS system is equivalent to that represented as actual in the general ledger for FY11. The amount of revenues received in FY11 for CDBG program was under estimate, while the amount received for HOME program income exceeded the estimate. Appropriations of program income have been allocated to activities represented in the Annual Action Plans.

The DCD recommends that the City Council:

- 1) Adopt the GPO amending CDBG Ordinance #13978 to recognize the actual CDBG program income received during FY11 from \$195,000.00 to \$120,784.97. The CDBG grant award from HUD remains unchanged at \$2,104,922.00.
- 2) Adopt the GPO amending HOME Ordinance #13979 to recognize the actual HOME program income received during FY11 from \$250,000.00 to \$634,516.02. The HOME grant award from HUD remains unchanged at \$1,361,212.00.

Background

Commencing with each fiscal year, the City of Durham is awarded entitlement grant funds from HUD under the CDBG and HOME Program to pursue development and redevelopment activities. Program income is estimated, and budgeted, at the commencement of each program year for the CDBG and HOME grant. Since program income is estimated at the beginning of the year, the actual amount received during the fiscal year needs to be reconciled with the federal IDIS system and recognized in the City's general ledger budget. The actual amount of program income received may be higher, or lower, than estimated, and is dependent on revenues actually received from DCD's loan portfolio and other real property activities during the fiscal year. The CDBG and HOME GPO amendments will correctly recognize the actual program income received and grant funds awarded by HUD during the FY11.

Analysis

The estimated program income compared to actual revenues received and the actual grant award amount for FY11 are represented below.

FY11	Original Ordinance #13978	Proposed New Ordinance
CDBG award	\$2,104,922.00	\$2,104,922.00
Program Income	<u>195,000.00</u>	<u>120,784.97</u>
Total	\$2,299,922.00	\$2,225,706.97

FY11	Original Ordinance #13979	Proposed New Ordinance
HOME award	\$1,361,212.00	\$1,361,212.00
Program Income	<u>250,000.00</u>	<u>634,516.02</u>
Total	\$1,611,212.00	\$1,995,728.02

Alternatives

Without this action, the actual program income received would not be represented in the general ledger budget and would not match the amounts recorded in IDIS.

Financial Impacts

There will be no fiscal impact on the general fund. The proposed GPO amendment changes for FY11 will align the general ledger budget to both the general ledger actual, and the federal IDIS system.

Recommendation

The Department of Community Development recommends that the City Council adopt the U.S. Department of Housing and Urban Development Community Development Block Grant (CDBG) FY 2010-2011 Grant Project Ordinance Superseding Ordinance #13978; and adopt the U.S. Department of Housing and Urban Development HOME Consortium Program FY 2010-2011 Grant Project Ordinance Superseding Ordinance #13979.